GOVERNMENTOF ANDHRAPRADESH
ABSTRACT

Andhra Pradesh Mineral Development Corporation Ltd., – Scientific fixation of Barytes Sale prices and establishment of a comprehensive Sales Policy in line with the international and domestic sales practices - Orders – Issued.

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INDUSTRIES AND COMMERCE (MINES.II) DEPARTMENT

G.O.RT.No. 262 Dated: 24-08-2017

Read the following:-

1. G.O.Rt.No.22, Ind. & Com. (M III) Dept. dt.27.01.2015
2. G.O.Rt.No.163, Ind. & Com. (M III) Dept., dt.04.05.2015
3. From the VC & MD, M/s. APMDC Lr., No. APMDC/M&S/ BAR-GO/2016-17/524, Dt. 04.07.2017.

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ORDER

In the G.O. first read above, orders were issued to M/s. Andhra Pradesh Mineral Development Corporation Ltd. to follow certain guidelines with regard to sale of Barytes through global tender at short intervals.

2. With the change in Barytes market environment, it was observed that certain clauses in G.O. 1st read above were not in line with the changed global market trend and required dynamic pricing system for Sale of Barytes and therefore amendments were issued to the G.o. first read above through G.O. second read above.

3. The Vice Chairman & Managing Director, M/s. Andhra Pradesh Mineral Development Corporation Ltd., vide reference third read above has stated that recently, there have been major changes in the global economic environment and the Crude Oil market has witnessed major impact as reflected in the sharp decline in the prices. Given that, Barytes demand and prices have also accordingly fallen significantly impacting the sales of Andhra Pradesh Mineral Development Corporation Limited. Considering the significant adverse changes in global Barytes market and its severe impact on the performance of APMDC, it is felt necessary to issue a revised orders as per the governing Barytes Sale Tender on an immediate basis. This is imperative to maintain the current market position. The Corporation is continuously striving to regain recently lost markets and will come out with appropriate strategies from time to time.

4. The Vice Chairman & Managing Director, M/s. Andhra Pradesh Mineral Development Corporation Ltd. has, therefore, submitted proposal to the Government for scientific fixation of sale price of Barytes and establishment of a comprehensive Sale Policy in line with international and domestic practices in respect of Barytes, duly cancelling the orders issued in G.O. Rt.No.22, Industries & Commerce (M.III) Department, Dt.27.01.2015 read with G.O.Rt.No.163, Industries & Commerce (M.III) Department, Dt.04.05.2015.

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5. Keeping in view of the importance and demand of the Barytes mineral and changed market environment, Government after careful examination of the proposal and in supersession of the orders issued in G.O. Rt.No.22, Industries & Commerce (M.III) Department, Dt.27.01.2015 as amended in G.O.Rt.No.163, Industries & Commerce (M.III) Department, Dt.04.05.2015, hereby issue the following orders directing the VC&MD, M/s. APMDC Ltd to act on the following issues forthwith;

(i) With the approval of the Board of M/s. Andhra Pradesh Mineral Development Corporation Ltd., the Vice Chairman & Managing Director, M/s. Andhra Pradesh Mineral Development Corporation Ltd. shall appoint a reputed Third Party Consulting Agency after following due procedure for determining various aspects of Barytes Sales Tender such as the base price of Barytes in line with international market, tender timing and duration, allocation percentage for export and domestic market, etc. The Board of APMDC shall review the recommendations of the appointed Consulting Agency and take final decisions on all the above mentioned aspects accordingly.

(ii) Depending on the market conditions and if need be, M/s. Andhra Pradesh Mineral Development Corporation Ltd. shall review the Barytes contract price after every 6 months period, even during a prescribed tender duration, and may accordingly increase or decrease the price in line with the prevailing international market conditions. The basis for price review shall be the trends in important market parameters related to the Barytes industry. These parameters, examples indicated below, shall be finalized and reviewed by the Board from time to time:

1. Crude Oil Prices.
2. Global Rig Count Data.
3. Exchange Rate fluctuations (USD - INR).
4. Barytes FOB prices of other countries obtained through market research
5. Barytes Market & Price analysis reports from a reputed Third Party Consulting Agency.
6. Discussion with Barytes Buyers.

The Board of APMDC shall review the trends in aforementioned parameters including the report of the Third Party Consulting Agency and issue price revisions accordingly. The decision of the Board of APMDC shall be final in regard to the price revision.

(iii) M/s. Andhra Pradesh Mineral Development Corporation Ltd. shall determine the Base price for a specific quality of the material (for e.g. specific gravity of 4.10, 4.25 and which will depend and vary based on availability at mine and market requirement from time to time) and subsequently apply premium /

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discount for every 0.01 unit increase/decrease in specific gravity. The premium / discount shall be finalized and reviewed by the Board of APMDC from time to time. However, the premium / discount shall not be less than 0.25% per 0.01 unit increase/decrease in Specific Gravity.

(iv) Tender duration for sale of Barytes shall be fixed by the Board of APMDC based on the prevailing market conditions.

(v) In order to promote higher sales, APMDC can offer quantity incentives to the buyers depending on their Barytes off-take quantities. Quantity incentive refers to providing higher quantity for exceeding certain level of material off-take. The Structure of such quantity incentives shall be finalized and reviewed by the Board of APMDC from time to time.

6. The Vice Chairman & Managing Director, M/s. Andhra Pradesh Mineral Development Corporation Ltd. shall take immediate necessary action and submit the status reports on the above issues to the Government from time to time.

7. This orders issues with the concurrence of Finance (FMU-Rev-I&C) Department, vide their U.O.No. 45027/263/201, Dt. 21/07/2017.

(BY ORDER AND IN THE NAME OF THE GOVERNOR OF ANDHRA PRADESH)

B. SREEDHAR
SECRETARY TO GOVERNMENT (MINES)

To
The Vice Chairman & Managing Director, M/s. Andhra Pradesh Mineral Development Corporation Ltd., Thadigadapa, Enikepadu Road, 100 ft Road, Kanuru (V),
Penamaluru (M), Vijayawada – 521137.

The Director of Mines & Geology, GoAP, Anjaneya Towers, Ibrahimpatnam, Vijayawada

Copy to :
The Finance Department.
The General Administration (Cabinet) Department.
The P.S to Secretary (Mines)
The P.S to C.S. to Govt. of A.P
The P.S. to M (M&G).
The P.S to Prl.Secretary to C.M.
The Law (H) Department.
Sf/Sc

//FORWARDED :: BY ORDER//

SECTION OFFICER